

Message Text

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ACTION EUR-12

INFO OCT-01 EA-06 ISO-00 ACDA-05 CIAE-00 DODE-00 PM-03

INR-05 L-01 NSAE-00 NASA-01 NSC-05 RSC-01 SCI-02 MC-01

SP-02 AID-05 EB-04 CIEP-01 TRSE-00 SS-20 STR-01

OMB-01 CEA-01 PA-01 PRS-01 USIA-06 LAB-01 SIL-01

OTPE-00 COME-00 DRC-01 /089 W
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FM AMEMBASSY PARIS

TO SECSTATE WASHDC 3149

INFO AMEMBASSY BONN

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E.O. 11652 : N/A

TAGS: TSPA, FR

SUBJECT: THE FRENCH ARIANE SPACE LAUNCHER PROGRAM IN
QUESTION

SUMMARY: FACED WITH SEVERE FINANCIAL CONSTRAINTS, THE
FRENCH GOVERNMENT IS CONSIDERING A REDUCTION IN ITS
SPACE PROGRAM. THE CHOICE SEEMS TO BE BETWEEN ELIMINAT-
ING THE \$500 MILLION ARIANE SPACE LAUNCHER PROGRAM OR
SLOWING ITS DEVELOPMENT BY THREE TO FIVE YEARS. ON
OCTOBER 10 AN INTERMINISTERIAL COMMITTEE MET UNDER
PRIME MINISTER CHIRAC TO CONSIDER THE SPACE BUDGET, BUT
DID NOT MAKE ANY PUBLIC ANNOUNCEMENT. APPARENTLY THE
MATTER HAS BEEN REFERRED TO THE ELYSEE WITH A FINAL
DECISION EXPECTED ON OCTOBER 15. END SUMMARY.

1. FOR THE FRENCH SPACE PROGRAM, 1974 OPENED OPTIMIS-
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TICALLY. IN A PACKAGE DEAL REACHED IN MID-1973 WITH

THEIR PARTNERS IN THE EUROPEAN SPACE RESEARCH ORGANIZATION, THE FRENCH HAD OBTAINED EUROPEAN PARTICIPATION IN DEVELOPING THE "ARIANE" SPACE LAUNCHER CAPABLE OF PUTTING APPLICATIONS SATELLITES UP TO 750 KG IN GEO-STATIONARY ORBIT. AN INDEPENDENT EUROPEAN LAUNCHER CAPABILITY HAS BEEN A MAJOR POLITICAL GOAL OF THE FRENCH SINCE THE EARLY DAYS OF DE GAULLE'S ADMINISTRATION. FOR THEIR PART, THE FRENCH AGREED TO FOOT 62.6 OF THE \$500 MILLION (2.5 BILLION FRANCS) COST OF ARIANE, PARTICIPATE IN THE US-ESRO SPACE LAB PROGRAM AND THE ESRO MAROTS PROGRAM AND TO ACCEPT THE CONCEPT OF A SINGLE EUROPEAN SPACE AGENCY. IN ADDITION, THE FRENCH SPACE AGENCY (CNES), UNDER ITS NEW CHIEF, MAURICE LEVY, HAD A FULL BASKET OF NATIONAL, BILATERAL AND EUROPEAN PROJECTS.

2. HOWEVER, THE FRENCH ARE NOW HAVING SECOND THOUGHTS ON EMBARKING ON THE ARIANE PROGRAM FOR SEVERAL REASONS. FIRST AND FOREMOST ARE THE ECONOMIC RESTRAINTS BEING IMPOSED BY THE GOVERNMENT TO COMBAT INFLATION AND BALANCE-OF-PAYMENTS DEFICITS. SECOND, THE NEW GISCARDIEN GOVERNMENT IS GIVING LESS WEIGHT THAN ITS TWO GAULLIST PREDECESSORS TO POLICY PREROGATIVES OF INDEPENDENCE AND GRANDEUR WHICH WERE USED TO JUSTIFY COSTLY HIGH TECHNOLOGY PROJECTS. THIRD, THERE IS A GROWING BELIEF THAT THE ECONOMIC JUSTIFICATION OF THE ARIANE PROGRAM, WHICH FORECAST A MARKET AT FROM 30 TO 50 LAUNCHERS IN THE L980'S, WAS OVERLY OPTIMISTIC. FOURTH, THERE IS PROBABLY CONSIDERABLE FEAR THAT ARIANE WILL FOLLOW THE EUROPA II LAUNCHER WHICH WAS WRITTEN OFF AS A \$600 MILLION FAILURE.

3. THE 1975 BUDGET REVIEW BROUGHT MATTERS TO A HEAD. THE PROPOSED FRENCH SPACE BUDGET FOR 1975 WILL NOT BE LARGE ENOUGH TO ACCOMMODATE THE EXPANDED SPACE PROGRAM. THUS THE FRENCH ARE CONSIDERING EITHER DROPPING ARIANE ALTOGETHER OR STRETCHING OUT ITS DEVELOPMENT WHILE CUTTING OTHER PROGRAMS.

4. WRITING OFF ARIANE WOULD POSE BOTH DOMESTIC AND INTER-NATIONAL PROBLEMS. FIRST, IT WOULD END FOR THE LIMITED OFFICIAL USE

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COMING YEARS FRENCH AMBITIONS TO PLAY AN INDEPENDENT ROLE IN SUCH IMPORTANT CIVILIAN SPACE APPLICATIONS AS COMMUNICATIONS AND EARTH RESOURCE EXPLORATION. SECOND, IT WOULD HAVE A SERIOUS IMPACT ON THE FRENCH AEROSPACE INDUSTRY, ALREADY HARD PRESSED BY SLOW SALES OF THE CONCORDE, MERCURE AND AIRBUS AIRCRAFT. NOT ONLY HAS A FRENCH UNION (CGT) PROTESTED THE POSSIBILITY OF LOSING 2000 JOBS, BUT IT WAS JOINED IN ITS PROTEST BY

GERMAN AND BELGIAN UNIONS. THIRD, THE FRENCH FOREIGN MINISTRY WOULD BE PUT IN A POSITION THAT WAS BOTH EMBARRASSING AND LEGALLY DIFFICULT. FOR OVER A DECADE, THE FRENCH HAVE BEEN BADGERING THEIR EUROPEAN PARTNERS WITH THE IMPORTANCE OF AN INDEPENDENT EUROPEAN SPACE LAUNCHER. NOW THEY WOULD HAVE NOT ONLY TO EXPLAIN WHY THEY HAVE REVERSED THEIR POSITION BUT ALSO TO EXTRICATE THEMSELVES FROM THE COMMITMENTS MADE IN AGREEMENTS WITH ESRO AND ESRO MEMBER NATIONS.

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5. AS AN ALTERNATIVE TO THE POLITICAL SCYLLA OF DROPPING ARIANE AND THE ECONOMIC CHARYBDIS OF FUNDING THE PROGRAM AS ORIGINALLY PLANNED, THE FRENCH ARE CONSIDERING A COMPROMISE SOLUTION. THEY COULD

STRETCH OUT THE ARIANE DEVELOPMENT PROGRAM BY REDUCING EXPENDITURES IN ITS EARLY YEARS IN HOPES OF BETTER ECONOMIC TIMES AHEAD. THIS WOULD PUSH ARIANE'S COMPLETION DATE FROM 1980 TO 1983-85. COMMERCIALY THE PEAK MARKET FOR ARIANE LAUNCHERS IS NOT EXPECTED BEFORE THEN. HOWEVER, PROGRAM DELAYS WOULD INCREASE COSTS. IN 1985, THERE WILL PROBABLY BE LITTLE ENTHUSIASM FOR ENTRUSTING COSTLY SPACE SATELLITES TO A VIRTUALLY UNTRIED LAUNCHER. MOREOVER, THE U.S. WILL ALREADY HAVE IN OPERATION ITS ADVANCED SPACE SHUTTLE CAPABILITY.

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6. TO CONSIDER THESE ALTERNATIVES, AN INTERMINISTERIAL COMMITTEE UNDER PRIME MINISTER CHIRAC MET FOR TWO HOURS ON OCTOBER 10. SUBSEQUENTLY, NO DECISION WAS ANNOUNCED NOR HAVE THE PARTICIPANTS MADE ANY COMMENT. HOWEVER, IT IS GENERALLY BELIEVED AMONG OUR ESRO AND PRESS CONTACTS THAT THE MATTER HAS BEEN REFERRED FOR RESOLUTION TO A SMALLER COMMITTEE OF RESPONSIBLE MINISTERS REPORTING DIRECTLY TO THE PRESIDENT. A DECISION IS EXPECTED TO BE REACHED AT THE ELYSEE ON OCTOBER 15. A SECOND POSSIBLE OUTCOME OF THE OCTOBER 10 MEETING IS THAT THE MINISTERS DECIDED TO DROP THE ARIANE ALTOGETHER BUT HAVE HELD OFF AN ANNOUNCEMENT TO RESOLVE POLITICAL COMPLICATIONS, PARTICULARLY WITH THEIR ESRO PARTNERS. A USUALLY COOPERATIVE AND INFORMED GOF SPACE ADVISER REPLIED TO SCIATT INQUIRY THAT HE COULD NOT COMMENT ON THE PRESENT STATUS OF THE ARIANE DECISION, ADDING THAT SCIATT "KNEW AS MUCH AS FRENCH SPACE OFFICIALS."

COMMENT: NOW THAT THE MATTER IS AT THE HIGHEST LEVEL, GOF OFFICIALS ARE UNLIKELY TO COMMENT. NORMALLY, WE WOULD EXPECT THE COMPROMISE SOLUTION. HOWEVER, GISCARD HAS SHOWN HIMSELF ABLE AND WILLING TO DROP PRESTIGE PROJECTS IN THE NAME OF ECONOMY, E.G., THE "FRANCE" OCEAN LINER, THE AEROTRAIN, AND LES HALLES DEVELOPMENT. TUESDAY'S DECISION MAY WELL BE THE BEST INDICATION YET OF GISCARD'S ATTITUDE TOWARD NOT ONLY PRESTIGE PROJECTS BUT ALSO TOWARD THE DEVELOPMENT OF THE BIG TECHNOLOGIES FAVORED UNDER DE GAULLE AS THE BASIS OF MODERN MILITARY AND ECONOMIC POWER.

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